

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 XMB-02 NSC-05 EB-08 OMB-01
CIAE-00 INR-10 NSAE-00 SP-02 L-03 /042 W
-----110541 161027Z /23
P 160843Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 7956

C O N F I D E N T I A L TOKYO 08772

PASS TREASURY AND EXPORT-IMPORT BANK

E.O. 11652: GDS
TAGS: EFIN, EEWT, JA
SUBJECT: FINANCING UNDER JAPAN/CHINA LTA

REF: STATE 122705

1. EMBASSY RAISED POINTS REFTEL IN LOW-KEY FASHION AT
DIVISION DIRECTOR LEVEL IN MITI AND MOF, AND HAS REQUESTED
APPOINTMENT WITH MOFA TO RECEIVE COORDINATED GOJ REACTION.
INITIAL REACTION OF MITI CONTACT WAS LIMITED BUT HE DID
CONFIRM THAT NO DECISION HAD BEEN MADE CONCERNING FINANC-
ING OF TRADE WITH CHINA UNDER LTA. MOF CONTACT ATTRIBUTED
IDEAS CIRCULATING IN PRESS FOR FINANCING CHINA TRADE TO
PRIVATE SECTOR AND DOWNPLAYED IDEA THAT OFFICIAL RESERVES
WOULD BE USED FOR THAT PURPOSE. EMBASSY WILL REPORT
FURTHER AFTER MEETING WITH MOFA.

2. EMBASSY WAS UNABLE TO DISCERN FROM REFTEL WHETHER
WASHINGTON WISHES US TO PUT FORWARD VIEW THAT SCHEME
INVOLVING DEPOSIT OF OFFICIAL RESERVES THAT IS APPARENTLY
BEING URGED UPON THE GOJ CONSTITUTES OFFICIAL SUPPORT IN
THE CONTEXT OF THE INTERNATIONAL ARRANGEMENT ON GUIDELINES
FOR OFFICIALLY SUPPORTED EXPORT CREDIT. IT SEEMS TO US
THAT, ABSENT A POSITIVE STATEMENT TO THIS EFFECT, REFTEL
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COULD BE READ TO SUGGEST THAT WASHINGTON BELIEVES THAT IT
WOULD BE AN EVASION OF THE INTEREST RATE MINIMUMS OF THE
ARRANGEMENT ONLY IF DEPOSITS WERE USED AS COMPENSATING
BALANCES TO OFFSET INTEREST CHARGES ON OFFICIAL EXPORT
CREDITS. HOWEVER, AS WE UNDERSTAND THE CURRENT PROPOSALS
BEING PUT TO THE GOJ, OFFICIAL DEPOSITS MADE DIRECTLY WITH
THE BANK OF CHINA OR MADE WITH JAPANESE FOREIGN EXCHANGE

BANKS FOR REDEPOSIT WITH THE BANK OF CHINA WOULD NOT BE HELD AS COMPENSATING BALANCES BUT WOULD BE USED TO FINANCE PURCHASES FOR THE LTA FROM JAPAN. THESE SCHEMES ARE SUPPOSEDLY PUT FORWARD AS AN ALTERNATIVE TO OFFICIAL CREDITS IN THE FAMILIAR SENSE. EMBASSY WOULD APPRECIATE WASHINGTON CLARIFICATION BEFORE MEETING WITH MOFA. WE WOULD ADD THAT NEITHER MITI NOR MOF SOURCE GAVE ANY HINT THAT THE GOJ BELIEVED USE OF RESERVES FELL OUTSIDE SCOPE OF ARRANGEMENT, ALTHOUGH THE POINT WAS NOT ADDRESSED DIRECTLY. MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Draft Date: 16 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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ISecure: 1
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Review Withdrawn Fields: n/a
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Secure: OPEN
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TAGS: EFIN, EEWT, JA, CH
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